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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

SLS-22

October 19, 1938

THE SHEEP AND LAMB SITUATION

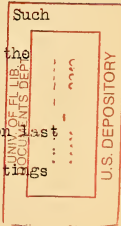
Summary

Though the number of lambs to be fed during the 1938-39 feeding season is rather uncertain, shipments of feeder lambs into the Corn Belt to the end of September and reports from the Western States point to some decrease in feeding operations this year. Returns from lamb feeding last winter were relatively more unfavorable than returns from cattle and hog feeding. Hence the Bureau of Agricultural Economics states that, even though prices of most feeds and of feeder lambs are much lower than a year ago, it is possible that changes in the number of livestock fed this winter compared with last will be toward increased cattle and hog feeding rather than increased lamb feeding.

Continued improvement in industrial activity in the next few months probably will result in increased consumer incomes and a strengthening in the demand for meats. Such a trend would be the reverse of that last fall and winter, when lamb prices declined to the lowest level since 1933.

With the largest lamb crop on record, inspected slaughter of sheep and lambs during the first 5 months of the grass lamb marketing season, from May through September, was about 6 percent larger this year than last. Such slaughter in September was seasonally much larger than in July and was the largest for the month on record.

Prices of new-crop lambs at the beginning of the marketing season last May were \$3 to \$4 lower than a year earlier, reflecting increased marketings



of early lambs and the weaker demand for meats. Little change occurred in lamb prices during June and July, but prices declined in August and September with the large seasonal increase in marketings. Some improvement has occurred in consumer incomes since early summer, however, and lamb prices in September and early October were less than \$2.50 lower than those of a year earlier. Prices of grass lambs frequently are lowest in October, when marketings usually reach their seasonal peak.

The annual outlook report for sheep and lambs will be released by the Bureau of Agricultural Economics the first week in November. The major factors in the outlook will be discussed in the November Situation report.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.-- During the 1937-38 fed lamb marketing season (December - April), prices of sheep and lambs averaged \$7.86 per 100 pounds, about \$2 lower than a year earlier and the lowest since 1932-33. Slaughter supplies totaled about the same as in the 1936-37 season. Weakness in consumer demand for meats and in wool prices were the factors chiefly responsible for the relatively low level of prices of fed lambs.

The lamb crop in 1938 was 5 percent larger than that of 1937 and was the largest on record. Prices of new-crop lambs at the beginning of the marketing season last May were \$3 to \$4 lower than a year earlier, reflecting increased marketings of early lambs as well as the less favorable demand situation. Little change occurred in prices of new crop lambs in June and July, but lamb prices declined in August and September with seasonally increased marketings. Inspected slaughter of sheep and lambs during the first 5 months of the grass lamb marketing season was about 6 percent larger this year than last.

September marketings largest for month on record; prices decline

Marketings of sheep and lambs in September were the largest for the month on record. Inspected slaughter, totaling 1,694,000 head, was 6 percent larger than in August, 16 percent larger than in July, and 1 percent larger than the unusually large September slaughter last year.

With the large seasonal increase in supplies, prices of lambs declined fairly sharply in late July and early August. Although they remained about steady in late August and early September, prices declined again after mid-September. But some recovery occurred in late September and early October. The average price of good and choice spring lambs at Chicago in September was \$8.05, about \$1 lower than in July and nearly \$2.50 lower than in September 1937.

Prices of grass lambs frequently are lowest in October, when marketings usually reach their seasonal peak. Last year, however, prices of such lambs declined during October and November, largely because of the marked weakness in the demand for meats. Although consumer incomes and the demand for meats are now at lower levels than a year earlier, the trend has been upward since early summer, a reversal of the situation that prevailed last year.

Lamb feeding situation uncertain

Although the number of lambs to be fed during the 1938-39 feeding season is rather uncertain, shipments of feeder lambs into the Corn Belt to the end of September and reports from the Western States point to some decrease in feeding operations this year. Most lamb feeders in the 1937-38 season experienced rather heavy losses, and in the past the volume of lamb feeding has usually been reduced in a season following one when returns from feeding operations were unfavorable. On the other hand, feed supplies are generally more abundant this year than last and prices of most feeds are much lower. Also feeder lamb prices are materially below those of a year ago and are low relative to prices of feeder cattle. And the number of lambs available for feeding is larger this year than last.

Shipments of feeder lambs from stockyard markets into the Corn Belt States for the 3 months, July through September, were a little smaller this year than last. Shipments into the States east of the Mississippi River were much smaller, while those into the States west of the Mississippi were slightly larger. Information as to direct shipments, not going through stockyards, indicates a somewhat smaller direct movement during the July-September period this year.

Reports from the Western States about October 1 as to the probable volume of feeding in that area point to some decrease in the number of lambs to be fed this year. The situation in a number of these States, however, is rather uncertain. The number of feeder lambs raised in these States and sold under contract before October 1 was very small, in sharp contrast with the situation a year earlier. Colorado and western Nebraska feeders had very few under contract, and the number fed in these areas will depend upon later purchases. Early October indications were that the number to be fed will be smaller this year than last in all of the important Colorado feeding areas. A rather sharp decrease in the Scottsbluff area of Nebraska also was indicated, but there may be a considerable increase

in lamb feeding in the farming areas in the eastern part of the State. California is the only important lamb feeding State in the Western region where some increase in feeding seemed likely.

There may be a rather heavy movement of feeder lambs to wheat pastures in the Southern Great Plains area, especially in Kansas. Early seeded and volunteer wheat in this area made a very promising start in early September, but by the end of the month additional moisture was needed. If growing conditions are favorable for wheat pastures during October, a considerable number of sheep raisers in Texas and in the Western Range States may decide to ship their lambs for finishing on these pastures rather than to sell them at present prices of feeder lambs. A heavy movement of this kind might offset a considerable reduction in grain feeding in both the Corn Belt and the Western States.

As was the case a year ago, the number of lambs fed this year will be determined to considerable extent by the disposition made of the large number of feeder lambs in Texas. Shipments of lambs and sheep (mostly feeder lambs) from Texas to points outside the State other than stockyard markets in July and August were somewhat larger this year than last. September shipments also may have been somewhat larger, but apparently considerably more feeder lambs remained in the State on October 1 than a year earlier.

OUTLOOK

A discussion of prospects for the fed lamb marketing season will be given in the November issue of this report, in which the major factors in the annual outlook for sheep and lambs will be summarized. The following indications were given in the August and September issues of this report.

1. With a 5 percent increase in the lamb crop, the seasonal increase in slaughter supplies of lambs from mid-summer through October may be larger this year than last. The number of lambs purchased for feeding during that period may be no larger than a year earlier.

2. Returns from lamb feeding last winter were relatively more unfavorable than returns from cattle and hog feeding. Hence, it is possible that changes in the number of livestock fed this winter compared with last will be toward increased cattle and hog feeding rather than increased lamb feeding.

3. Increased industrial activity in the next few months should result in increased consumer incomes and a strengthening in the demand for meats. Such a trend would be the reverse of that last fall and winter, when lamb prices declined to the lowest level since 1933.

WOOL SITUATION 1/

The improvement noted in the domestic wool situation since June was fairly well maintained the past month. Uncertainty in the foreign situation and the flood and hurricane damage in New England were restraining factors in domestic raw wool sales in September, but sales increased sharply in the early part of October. Prices of graded wools did not change materially during the month.

The recent advance in domestic prices and the decline in foreign prices in terms of United States dollars has widened the spread between domestic and foreign prices and the spread is now not much less than the tariff. During the remainder of 1938, domestic wool prices will be influenced to a greater extent than in recent months by the movement of foreign prices.

The weekly average rate of mill consumption of apparel wool in the United States in August was 27 percent higher than in July, and it was 15 percent higher than in August 1937. The rate of consumption in August was the highest reported since April 1937. Consumption in the first 8 months of 1938, however, was about 35 percent smaller than a year earlier.

Because of the relatively low stocks of manufactured goods and the improvement in the business situation generally, the recent improvement in domestic mill consumption is expected to be fairly well maintained during the remainder of this year. With the small consumption in the first half of this year, however, consumption for the entire year 1938 may be smaller than in 1937.

Since the beginning of the new domestic wool marketing season last April, when stocks were large, imports have been much smaller than a year earlier. But the reduction in imports has been largely offset by the decrease in domestic mill consumption in 1938 from that of 1937. Consequently the total supply of wool in this country early in September continued to be much larger than a year earlier.

1/ From the October 15 issue of the Demand and Price Situation. For a more detailed discussion, see the monthly Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Price per 100 pounds of sheep and lambs, by months, July - September 1936-38.

Item	1936			1937			1938		
	July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and Choice.....	9.94	9.53	9.38	10.84	10.78	10.56	9.10	8.46	8.05
Common and Medium....	7.72	7.20	7.31	9.15	9.06	8.56	7.44	7.12	6.34
Slaughter ewes, Chicago:									
Good and Choice.....	3.83	3.50	3.37	4.22	4.70	4.04	3.33	3.50	3.36
Common and Medium....	2.47	2.25	2.17	2.86	3.32	3.01	2.54	2.62	2.50
Feeding lambs, Omaha:									
Good and Choice.....	7.76	7.61	7.55	8.80	9.50	9.60	7.34	7.32	7.11
Average price paid by :									
packers - :									
Sheep and lambs....	8.69	8.29	8.22	9.60	9.34	9.46	7.95	7.62	
Average price received:									
by farmers: :									
Sheep.....	3.94	3.69	3.60	4.53	4.52	4.35	3.46	3.40	3.38
Lambs.....	7.94	7.59	7.43	8.50	8.64	8.57	6.84	6.59	6.46
Lamb, New York:									
Wholesale carcass: 1/:									
Choice.....	21.28	20.19	19.20	21.13	20.86	21.80	19.56	17.74	16.96
Good.....	20.11	18.79	18.00	20.09	19.15	20.52	18.82	17.02	16.10
Medium.....	17.99	16.81	16.39	18.42	16.90	18.66	16.68	15.10	14.38
Pulled wool Boston: 2/:									
Choice AA.....	92.8	92.0	92.0	106.9	106.5	103.7	72.8	73.5	73.5
Choice White B.....	77.6	76.2	77.0	89.6	88.5	85.8	59.0	60.5	60.5
Sheep pelts, packers. :									
shearlings, No. 1 Chicago									
each 3/.....	1.14	1.10	1.02	1.24	1.25	1.31	0.58	0.60	0.61

1/ For Choice and Good, 38 pounds down; for Medium, 38 pounds down in 1936 and 1937, and all weights in 1938.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

Supplies of sheep and lambs, specified periods

Item	Unit	Year			Month			
		Average 1924-33	1936	1937	Sept. average 1924-33	Sept. 1937	Aug. 1938	Sept. 1938
Sheep and lambs:								
Number slaughtered								
under Federal	Thou-							
inspection 1/.....	sands	14,737	17,216	17,270	1,380	1,671	1,603	1,694
Receipts at seven								
markets 2/.....	do.	3/15,241	11,892	11,470	3/1,892	1,466	1,234	1,629
		Year			Month			
		Average 1924-33	1936	1937	Aug. average 1924-33	Aug. 1937	July 1938	Aug. 1938
Slaughter under								
Federal inspection:								
Lambs and yearlings-	Thou-							
Number slaughtered.	sands	13,678	15,647	15,912	1,203	1,343	1,370	1,485
Percentage of total:								
sheep and lambs....	Percent:	92.8	90.9	92.1	92.8	89.7	93.8	92.6
Sheep:	Thou-							
Number slaughtered	sands	1,059	1,569	1,358	94	155	91	118
Percentage of total:								
sheep and lambs....	Percent:	7.2	9.1	7.9	7.2	10.3	6.2	7.4
Sheep and lambs:								
Average live weight	Pound	81	85	85	78	82	80	83
Average dressed wt.:	do.	39	40	40	37	39	38	39
Total dressed wt.	Mil.lb.	569	680	683	48	58	55	62

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.

3/ Average 1929-33.

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